



California Regional Water Quality Control Board Central Valley Region

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Linda S. Adams

Secretary for
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17 April 2007

Mr. William E. Mayer, Vice President/General Counsel
D.R. Horton—California Region
5790 Fleet Street, Suite 200
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CERTIFIED MAIL

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PEOPLE V. D.R. HORTON, INC. (PLACER COUNTY SUPERIOR COURT, CASE NO. S CV 20205), PLACER COUNTY

On 8 November 2006, the Placer County District Attorney's Office filed Complaint No. S CV 20205 against D.R. Horton, Inc., a Delaware corporation and DOES 1 thru 10 for alleged violations of California Fish and Game Code section 5650 and California Business & Professions Code sections 17200 et seq. As alleged in the Complaint, the action was based on certain events which occurred between November 2003 and March 2004 at the Sierra Valley Oaks construction site, a residential construction project undertaken by D.R. Horton, Inc. – Sacramento, a California corporation, in the City of Rocklin, County of Placer. We understand that the Complaint erroneously named D.R. Horton, Inc., a Delaware corporation, and that it should have named D.R. Horton, Inc. – Sacramento.

As you know, the Placer County District Attorney's Office does not represent the Regional Water Quality Control Board, Central Valley Region (Regional Water Board) in this matter. Regional Water Board staff believes that the events alleged in Complaint No. S CV 20205 also involve certain stormwater violations under the Clean Water Act section 301, California Water Code section 13376, and the National Pollutant Discharge Elimination System (NPDES) General Permit No. CAS000002 Order No. 99-08-DWQ, pursuant to the provisions of California Water Code section 13385. We understand and acknowledge that D.R. Horton, Inc. – Sacramento ("D.R. Horton") denies the allegations of the Complaint and that any of its actions or inactions violated the Water Code or any other law of any kind.

As you are aware, both prior to and subsequent to the filing of Complaint No. S CV 20205, representatives from the Placer County District Attorney's Office, the Department of Fish and Game, the City of Rocklin, the National Oceanic and Atmospheric Administration (NOAA), and Regional Water Board staff (collectively, "governmental entities") and D.R. Horton conferred for the purpose of global settlement discussions. After considerable arm's length negotiations, D.R. Horton and the governmental entities agreed to a proposed settlement of this matter for two hundred and fifty-one thousand dollars (\$251,000). As per the terms of the Final Judgment Pursuant To Stipulation relative to Complaint No. S CV 20205, attached, D.R. Horton has agreed to pay eighteen thousand dollars (\$18,000) to the State Water Pollution Cleanup and Abatement Account to cover Regional Water Board staff costs of the investigation, as well as sixty-two thousand dollars (\$62,000) to the Dry Creek Conservancy.

California Environmental Protection Agency

Regional Water Board staff are satisfied with the resolution of this matter and therefore do not intend to bring a separate action for the Clean Water Act violations.

Insofar as this contemplates a settlement of potential Clean Water Act violations which could be brought by the Regional Water Quality Control Board, Central Valley Region, for the matters alleged in Complaint No. S CV 20205, the public has thirty days to comment on the proposed settlement.

Interested parties may comment on the proposed settlement. Written comments on the settlement must be received by the Regional Water Board **no later than 5:00 p.m. on 25 May 2007**. If during the public comment period the Executive Officer receives significant new information that reasonably affects the propriety of this settlement, the Executive Officer may unilaterally declare this settlement void. Otherwise, the Executive Officer will promptly certify that the public comment period has closed, that all comments have been considered, and that the Executive Officer has determined that the settlement is in the best interests of the people of the State of California. The settlement becomes final immediately upon the Executive Officer's certification.

If you have any questions, please contact Sue McConnell at (916) 464-4798.

PAMELA C. CREEDON
Executive Officer

Enclosure: Final Judgment Pursuant to Stipulation

cc w/o enc: Regional Board Members, Rancho Cordova
Eugene Bromley, U.S. Environmental Protection Agency, San Francisco
Michele M. DeCristoforo, Office of Chief Counsel, SWRCB, Sacramento
Reed Sato, Office of Enforcement, SWRCB, Sacramento
Wendy Johnson, Department of Fish and Game, Sacramento
Carl D. Mayhew, Deputy District Attorney, Auburn
Ken Foster, Department of Public Works, Rocklin
Greg Bates, Dry Creek Conservancy, Roseville
Bill Jennings, CSPA, Stockton